



Dianne M. Triplett
DEPUTY GENERAL COUNSEL

July 2, 2024

VIA ELECTRONIC MAIL

Mr. Adam J. Teitzman, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket 20240025-EI, Petition for Rate Increase by Duke Energy Florida, LLC

Dear Mr. Teitzman,

Please find enclosed for electronic filing on behalf of Duke Energy Florida, LLC (“DEF”), DEF’s Rebuttal Testimony of Brian M. Lloyd.

Thank you for your assistance in connection with this matter. Please feel free to call me at (727) 820-4692 should you have any questions concerning this filing.

Respectfully submitted,

/s/Dianne M. Triplett

Dianne Triplett

DMT/mh

Attachment

CERTIFICATE OF SERVICE

Docket No. 20240025-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic mail this 2nd day of July, 2024, to the following:

/s/ Dianne M. Triplett

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**In re: Petition for rate increase by
Duke Energy Florida, LLC**

Docket No. 20240025-EI

Submitted for filing: July 2, 2024

REBUTTAL TESTIMONY

OF

BRIAN M. LLOYD

On behalf of DUKE ENERGY FLORIDA, LLC

1 **I. INTRODUCTION AND SUMMARY**

2 **Q. Please state your name and business address.**

3 A. My name is Brian M. Lloyd. My current business address is 3250 Bonnet Creek
4 Road, Lake Buena Vista, Florida 32830.

5
6 **Q. Did you previously file direct testimony in this proceeding?**

7 A. Yes. I submitted pre-filed direct testimony in this docket on April 2, 2024.

8
9 **Q. Have your employment status and job responsibilities remained the same since
10 discussed in your previous testimony?**

11 A. Yes.

12
13 **Q. What is the purpose of your rebuttal testimony?**

14 A. The purpose of my testimony is to respond to certain assertions and conclusions
15 regarding the Company's proposed distribution investments contained in the direct
16 testimonies of Office of Public Counsel's ("OPC") Witnesses Kevin Mara, David
17 Dismukes and Helmuth Schultz as well as Florida Rising and League of United
18 Latin American Citizens ("LULAC") Witness Karl Rábago. My testimony should
19 be read in conjunction with DEF Witness Ed Scott's testimony, who responds to
20 these intervenors' recommendations from a transmission perspective.

21
22 **Q. How is your testimony organized?**

- 1 A. My testimony is organized as follows:
- 2 I. In Section I of my testimony, I provide a summary of my rebuttal testimony.
- 3 II. In Section II of my testimony, I respond to recommendations and statements related
- 4 to the Company's proposed 2026 and 2027 Distribution investments.
- 5 III. In Section III of my testimony, I provide an overview of the Company's project
- 6 planning and development process.
- 7 IV. In Section IV of my testimony, I respond to recommendations and statements
- 8 related to distribution contractor costs.
- 9 V. In Section V of my testimony, I respond to recommendations and statements
- 10 related to benefit cost analysis and alternative analysis.
- 11 VI. In Section VI of my testimony, I respond to recommendations related to DEF's
- 12 Vision Florida projects.
- 13 VII. In Section VII of my testimony, I provide some concluding remarks.
- 14
- 15 **Q. Do you have any exhibits to support your rebuttal testimony?**
- 16 A. No.
- 17
- 18 **Q. Please summarize your rebuttal testimony.**
- 19 A. First, it is important to note that no party has pointed to any specific distribution
- 20 program/project and argued that the Company's actions or the costs are imprudent
- 21 or unreasonable, or that the programs/projects are not needed. The Company
- 22 responded to over 150 discovery requests on its distribution investments and

1 prepared over 450 documents comprised of thousands of pages to support those
2 investments and no intervenor has taken issue with any of the specific investments
3 the Company proposes to make. I am proud of the Company's demonstrated
4 continuous improvement in its reliability metrics, which no party has challenged. I
5 am also proud of the fact that during a period of rising cost and inflationary
6 pressures, the Company's distribution O&M spending has stayed essentially flat
7 and is below the O&M benchmarks as shown in MFR Schedule C-37 as we
8 endeavor to be good stewards of customer funds while meeting their need for
9 reliable energy.

10
11 Instead, intervenors make broad, sweeping recommendations that the Commission
12 should not approve multi-year rate plans for the Company's proposed 2026 and
13 2027 distribution investments in their totality. OPC Witness Mara argues that the
14 Company's projected distribution investments in 2026 and 2027 are too speculative
15 and should be removed from the case while OPC Witness Schultz and Florida
16 Rising/LULAC Witness Rábago argue that the Company's proposed distribution
17 investments are excessive. They ignore the fact that the Company has already
18 demonstrated its ability to execute the same level of investment or more. They also
19 pay short shrift to the amount of investment required over the next several years to
20 address the aging grid infrastructure and enable the transition to a cleaner energy
21 future. DEF is not alone in its need to address and upgrade its aging infrastructure
22 as the nation as a whole is experiencing this same challenge and national policy is

1 also focused at assisting utilities in meeting this challenge. One need only listen to
2 the news and read the newspapers to know that the grid will require significant
3 investment in the coming years. However, despite this need for grid investment, the
4 importance of which is drawing national attention, OPC, Florida Rising and
5 LULAC witnesses essentially argue the Company's investment is unsupported or
6 too speculative and that DEF should just come in for more frequent rate cases.
7 However, there are many benefits to multi-year rate plans, one being that it provides
8 additional certainty around funding for future investments that are necessary to
9 secure, modernize and improve the electric grid. Contrary to Witness Dismukes'
10 contention that multi-year rate plans do not improve reliability, DEF has
11 consistently improved its reliability performance while operating under multiple,
12 consecutive multi-year rate plans – clearly, Witness Dismukes did not include DEF
13 in this analysis.

14
15 My testimony demonstrates that DEF has significant experience planning for and
16 developing projects and adjusting its project development plans to changing
17 circumstances where appropriate. DEF applies the enterprise-wide Project
18 Management Center of Excellence (“PMCoE”) standards as part of its robust
19 project planning and development process. I explain that the 2026 and 2027
20 proposed investment does not present a fundamentally different sets of execution
21 challenges than historic distribution capital projects successfully completed by the
22 Company.

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I also respond to intervenor recommendations concerning benefit cost analyses (“BCAs”). Many of the Company’s rate base investments are made to comply with regulations and build for customer growth; thus, these investments are necessary for the Company to meet its obligation to provide reliable service. BCAs are not an appropriate use of resources where the Company is required to perform the work and to do so as recommended by the intervenors in this case would not be a prudent use of customer funds. In addition, Witness Rábago misunderstands the purpose of the Vision Florida programs previously approved by the Commission as part of the 2021 Settlement Agreement, and which the Company has fully complied with the terms of, to deliver numerous benefits to customers as a result of the operational experience gained from these projects.

We must continue to invest in the distribution system to maintain and operate the Company’s distribution assets safely and reliably and to implement planned work to accommodate customer growth and other major projects initiatives. The multi-year rate plans the Company has operated under for years have provided value and benefits to customers as evidenced through the Company’s continuously improving reliability performance. The distribution investments the Company proposes to make in 2026 and 2027 are reasonable and critical to continue to reliably distribute power to our customers in a cost-effective manner while transforming the grid for a cleaner energy future, and the continuance of the multi-year rate plan construct

1 will enable the Company to most efficiently and effectively deliver power to its
2 customers.

3
4 **II. THE PROJECTED DISTRIBUTION INVESTMENTS ARE NECESSARY**

5 **Q. How do you respond to Intervenor recommendations that the distribution**
6 **capital costs for the 2026 and 2027 projected test years should not be included**
7 **in this proceeding?**

8 A. First, it is important to note that no intervenor has made any recommendations
9 concerning any specific proposed distribution project as unreasonable, imprudent,
10 or unnecessary to provide reliable distribution service. This is significant
11 considering the substantial level of information the Company provided in support
12 of its proposed distribution investment. The Company responded to over 150
13 discovery requests, including subparts, and provided significant documentation to
14 support its planned investment including:

- 15 • Project-specific presentations;
- 16 • Reliability reporting summaries and benchmarking surveys;
- 17 • Detailed cost information, including purchase orders and vendor
18 contracts, project funding authorization forms, and financial reports,
19 and
- 20 • Project management documentation, including project stage gating
21 (development cycle), project estimates, project schedules, project
22 workbooks that summarize and compile the project support documents

1 and program application guides that outline the processes for executing
2 programs and scopes.

3
4 Second, the entire electric industry is facing the need to modernize the grid and the
5 substantial investment that will be required to do so. This issue is regularly
6 discussed in the news and is a matter of important national policy and energy
7 planning focus.¹ The U.S. Government Grid Deployment Office recognizes the
8 electric grid as “the backbone of the United States’ economy, national security, and
9 community health and safety”.² Thus, given the well documented need for
10 significant grid investment, it is surprising that any intervenor would take issue with
11 the Company’s proposed levels of distribution investment in the 2026 – 2027
12 timeframe, much less describe them as excessive when the Company has already
13 consistently invested at that level or higher in recent years. The proposed level of
14 distribution investment in this case is critical to keep pace with the needs of our
15 customers and it is disingenuous for any intervenor to suggest that such investment

¹ Niki Hazuda, *Research Seeks a Green Transformation of the Electric Grid*, VT NEWS (June 3, 2024), <https://news.vt.edu/articles/2024/05/eng-ece-going-green-transforming-electric-grid.html>; Ella Nilsen, *White House Announces Actions to Modernize America’s Electrical Grid, Paving the Way for Clean Energy and Fewer Outages*, CNN (May 28, 2024, 11:07 PM), <https://www.cnn.com/2024/05/28/climate/energy-grid-modernization-biden/index.html>; Supratik Chaudhury, *Navigating the Future of Energy: How Utilities can Modernize their Grid Operations to Meet Increasing Energy Demands*, POWERMAG Blog (May 14, 2024), <https://www.powermag.com/blog/navigating-the-future-of-energy-how-utilities-can-modernize-their-grid-operations-to-meet-increasing-energy-demands/>; Stanley Porter et al, *Expanding and Modernizing the Power Grid for a Clean Energy Transition*, DELOITTE RESEARCH CENTER FOR ENERGY AND INDUSTRIALS (May 13, 2024), <https://www2.deloitte.com/us/en/insights/industry/power-and-utilities/grid-modernization-and-expansion-critical-for-clean-energy-future.html> (“A US\$14.3 trillion shortfall in global grid investment is expected by 2050, with an annual global grid infrastructure (transmission and distribution lines) expansion gap of 2.08 million kilometers.”); Susan Uthayakumar, *Modernizing the World’s Power Grid*, GREENBIZ (Jan. 29, 2024), <https://www.greenbiz.com/article/modernizing-worlds-power-grid>;

² Grid Deployment Office, *What Does it Take to Modernize the U.S. Electric Grid?*, U.S. Dept. of Energy (Oct. 19, 2023), <https://www.energy.gov/gdo/articles/what-does-it-take-modernize-us-electric-grid>.

1 is speculative or excessive.

2
3 **Q. Are there benefits to including the 2026 and 2027 capital costs in this**
4 **proceeding?**

5 A. Yes, absolutely. DEF Witnesses Olivier and Newlin discuss these benefits in
6 greater detail in their testimony including the impact on the Company's ability to
7 fund its investments and access the capital markets on favorable terms and the
8 benefit to customers of less frequent rate cases and more rate certainty. From a
9 distribution standpoint, having more certainty around funding for the 2026 and
10 2027 investments enables the organization to plan and execute more efficiently to
11 ensure materials and resources are available for the work to be performed in the
12 planned time period. As a result, DEF has more certainty around timing and can
13 more accurately assess both short-term and long-term labor and material needs, and
14 work with its Supply Chain organization to secure the most cost-effective contracts
15 in support of project execution.

16
17 Additionally, project planning and implementation take time, which may span
18 multiple years in the case of executing distribution capacity projects that are
19 required to serve the growth in Florida. For example, current lead times for power
20 transformers needed for these essential projects are up to 36 months; having a
21 forward-looking rate case enables DEF to secure this material and ensure that the
22 grid can serve the growing demand. Furthermore, when the growth requires net new

1 substations or lines, land must be purchased, and easements acquired; this is not as
2 simple as running out to the local real estate agency and buying a piece of land or
3 knocking on your neighbor's door and asking if it is permissible to use their
4 driveway for the afternoon. These processes take years to complete and require
5 certainty in funding to advance.

6
7 **Q. Are there other benefits to multi-year rate plans in regard to distribution**
8 **investments?**

9 A. Yes. OPC Witness Dismukes states that his analysis finds that, to date, no
10 alternative regulation/multi-year rate increases have led to meaningful or
11 measurable ratepayer benefits, including no sustainable or distinctly measurable
12 improvement in reliability.³ Apparently Witness Dismukes did not include DEF in
13 his analysis, as to the contrary, the Company has been operating under multi-year
14 rate plans approved by this Commission since 2013 and as evidenced in Exhibit
15 BL-2 to my direct testimony, the Company's reliability metrics have been
16 consistently improving under these multi-year rate plans.

17
18 **Q. How do DEF's proposed distribution capital investment amounts for 2024-**
19 **2027 compare to actual distribution capital investment amounts made from**
20 **2021-2023?**

21 A. DEF's 2021-2023 distribution investment actuals as well as the 2024-2027

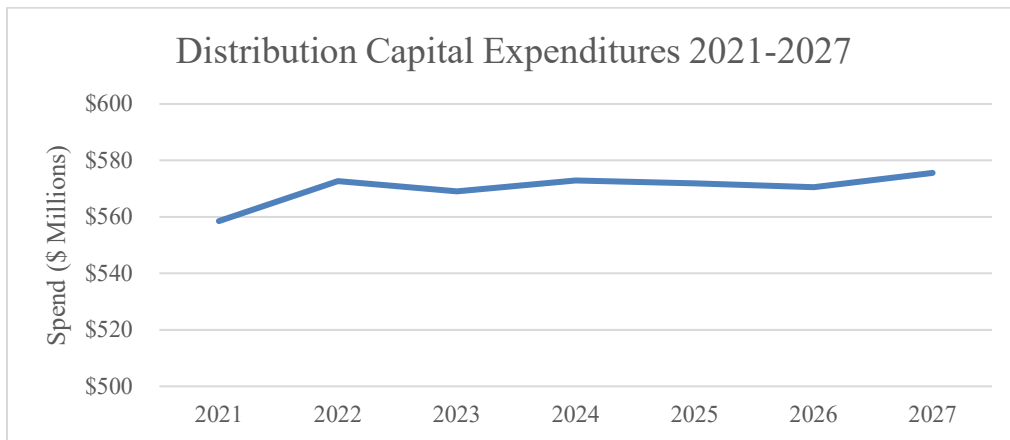
³ OPC Witness Dismukes Direct Testimony at p. 22, ll. 12-14.

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distribution investment forecasts⁴ are shown in this table and graph below:

	2021	2022	2023	2024	2025	2026	2027
Capital Expenditures	\$558.5M	\$572.7M	\$569.0M	\$572.9M	\$571.9M	\$570.5M	\$575.6M

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4

It is evident that over the past several years, DEF has been successful in executing a consistent level of needed base rate investments on its distribution grid and maintaining that pace of deployment is critical as we prepare for the grid of the future. As discussed in my direct testimony, today’s grid is significantly different than it was five years ago and it will continue to change as more and more of DEF’s customers invest in distributed generation, such as solar, and electric vehicles. Beyond these new generation and load impacts, DEF’s customers’ reliance on reliable service has changed in the last five years and customers have less tolerance for outages than ever before, partially driven by the impacts of the pandemic and the transition to remote working/learning and partially driven by customers’ more connected lives. Witness Mara states that his “reason for advocating the exclusion

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⁴ DEF Resp. to FL Rising/LULAC ROG 24.

1 of the future distant projected test years is that the costs that far into the future
2 cannot be known with any degree of certainty.”⁵ While individual costs, project
3 schedules, programs or projects may evolve, the investments planned are necessary
4 to promote safe and reliable delivery of power.

5
6 **III. DEF’S PROJECT DEVELOPMENT AND PLANNING PROCESS**

7 **Q. Do you agree with OPC Witness Mara that funding needs in 2026 and 2027**
8 **cannot be known with any degree of certainty?**

9 A. No. As I mentioned above, it is well established in the industry that significant
10 investment in the grid over the next several years is necessary. As recognized by
11 OPC Witness Dismukes, Florida is one of the fastest growing states and we must
12 build out our distribution system to accommodate this growth while transforming
13 the grid for a cleaner energy future. DEF has demonstrated experience in executing
14 distribution projects and has a wholistic and comprehensive approach to project
15 planning and execution. The Company’s proposed distribution investment in this
16 case is a thoughtfully developed plan which does not include all the work the
17 Company *could* propose but strives to balance the need to invest in the grid with
18 the cost impact on customers.

19
20 **Q. Please respond to intervenor concerns regarding DEF’s ability to plan for**
21 **distribution spending needs in 2026 and 2027.**

⁵ OPC Witness Mara Direct Testimony at p. 8.

1 A. It is true that budgeting for and executing the distribution projects may present
2 unforeseen challenges that require the Company, in some cases, to modify planned
3 2026 and 2027 projects in ways that maximize benefits for customers. DEF, as a
4 service provider to nearly two million existing customers and being in one of the
5 fastest growing states, must be flexible, responsive and agile to meet customers'
6 needs; for example, if an unforeseen, large customer decides to build in DEF's
7 territory, the Company must respond and provide service to this heavy load while
8 making adjustments to other plans and projects to manage to the Company's
9 approved funding. Not making these adjustments to serve the new load would be
10 irresponsible, imprudent, and unreasonable. Another example of needing to make
11 adaptations to the plan based on items outside of DEF's control is if there is an
12 abnormal storm season that drives up the level of outage restoration costs, the
13 Company will need to offset these costs by deferring other capital and O&M
14 expenses, ultimately, managing to the approved funding. From a project
15 management and execution perspective, I do not agree with the OPC, Florida
16 Rising, and LULAC. For example, maintenance investments such as cable
17 replacement, transformer replacement, and switchgear replacements, must be
18 reprioritized if new customer growth exceeds planned forecasts. DEFs current
19 2026-2027 projected spending needs balance its projection of customer growth with
20 the maintenance requirements that provide safe and reliable service to its nearly
21 two million customers. From a project management and execution perspective, I do
22 not agree with the OPC, Florida Rising and LULAC testimony that implies that the

1 2026 and 2027 project planning and execution is a challenge that is fundamentally
2 different than challenges inherent in the Company's historic capital project
3 implementation, or that the Company is not well prepared to successfully plan for,
4 develop and execute the projects. Importantly, no party has recommended
5 disallowance or rejection of any specific distribution project based on specific
6 project execution risks or challenges and have just made generalized
7 recommendations regarding exclusion of the entirety of the planned investment for
8 2026 and 2027.

9
10 **Q. Please discuss Duke Energy Florida's experience with planning and executing**
11 **distribution projects.**

12 A. Duke Energy Florida has implemented distribution projects for decades, including
13 investments to make the energy grid more reliable and resilient. Currently, Duke
14 Energy Florida successfully completes numerous projects annually that span
15 multiple years. Duke Energy has rigorous and prudent standards in place to govern
16 and manage projects efficiently and effectively across all the functional areas which
17 are established by Duke Energy's PMCoE and applied consistently enterprise wide
18 as discussed in more detail in DEF Witness Ed Scott's rebuttal testimony. The
19 forward-looking ratemaking process does not change how we plan and manage
20 projects, and the 2025-2027 projects that we will be executing are not
21 fundamentally different than those the Company has effectively completed in the
22 past. The Company has a successful track record at project execution, and we will

1 continue to follow prudent project management processes and procedures to govern
2 and manage our projects for the benefit of DEF's customers.

3
4 **IV. OTHER COST ISSUES RAISED BY OPC**

5 **Q. Please explain how the Company accounts for contractor costs.**

6 A. Contractor costs, as well as other cost types, are considered when developing the
7 overall projections for DEF's distribution projects and programs, which were used
8 in this request for 2025-2027. In terms of projected project costs, lower-level cost
9 driver details for those years are embedded in the overall projections but are not yet
10 loaded or stored in the budget system in accordance with the Company's budget
11 and financial planning process. In terms of actual costs, the Company accounts for
12 those expenses down to the cost driver level of detail; therefore, actual contractor
13 costs can be queried to respond to data requests and inform future project
14 estimating. In his rebuttal testimony, DEF Witness O'Hara explains how the cost
15 projections for 2025 – 2027 are included in the financial plan. As I have discussed
16 previously, making significant investments to replace the aging grid infrastructure
17 is a focus for utilities across the nation as we move towards a clean energy future.
18 Thus, it is reasonable to anticipate that as the demand for contractor labor increases,
19 contractor costs will also increase. Notably, the projected contractor O&M costs of
20 approximately \$31 million included in the test years 2025-2027 are less than the
21 contractor costs incurred in 2022 of approximately \$33.8 million. Thus, the

1 Company's projection is reasonable because it is consistent with our past spend
2 levels.

3
4 **V. BENEFIT COST ANALYSIS AND ALTERNATIVE ANALYSIS**

5 **Q. What recommendations do intervenors make regarding benefit cost analyses**
6 **("BCAs")?**

7 A. OPC Witness Schultz recommends that "a cost/benefit analysis should be required
8 and some form of identification of specific cost savings should be identifiable in
9 order to justify the project(s)." ⁶ LULAC/Florida Rising Witness Rábago
10 recommends that the Commission "disapprove any capital spending project of
11 \$1,000,000 or more that is not supported by a comprehensive, objective,
12 transparent, and documented BCA."⁷

13
14 **Q. Are all distribution investments made for the purpose of providing cost**
15 **savings?**

16 A. No, and this is an important point. Many of the Company's rate base investments
17 are made to comply with regulations and build for customer growth; thus, these
18 investments are necessary for the Company to meet its obligation to provide reliable
19 service and are not intended to generate cost savings. In addition, not all benefits
20 can be quantified, and some projects may have important qualitative benefits that
21 should also be considered. For example, the Company has the obligation to serve

⁶ OPC Schultz Direct Testimony at p. 20, ll. 11-13.

⁷ FL Rising/LULAC Witness Rábago Direct Testimony at p. 35.

1 new customers. These new customers could require significant improvements to
2 the grid due to several factors: location, load requirements, future load growth, etc.
3 The new service for these customers might include replacing DEF's overhead
4 and/or underground lines, additional distribution lines or relocation, addition of
5 new feeder breakers, substation transformers upgrades or even a new substation.
6 Complex projects and planned capacity take several years to be implemented as we
7 go through the process of evaluating several options with the intent to select the
8 least cost and most reliable solution for our customers. Once these assets are placed
9 in service, we need to maintain them during their lifecycle. These investments are
10 not intended to generate cost savings but are necessary to provide reliable service
11 to our customers.

12
13 **Q. Does the Company track costs savings related to its Distribution investments?**

14 **A.** No. There is not a specific tracking mechanism to quantify distribution cost savings.
15 However, it is significant that in a period of rising cost and inflationary pressures,
16 that the Company's O&M spending has stayed essentially flat and is below the
17 O&M benchmarks as shown in MFR Schedule C-37. The driver for base rate
18 investment is addressing growth and system reliability and while the Company
19 strives to be a good steward of customer funds, these investments are not made for
20 the purpose of generating cost savings. Deploying additional distribution assets to
21 support growth and enhance reliability on the system also comes with additional
22 costs. Our system growth adds new capital and O&M requirements on top of

1 historic capital and O&M requirements, which further complicates any effort to
2 discretely calculate cost savings. Further, it is difficult to quantify avoided costs
3 due to the speculative nature of assumptions that would need to be made regarding,
4 for example, equipment failures and avoided outages. However, any savings that
5 do result from the Company's investments will already be reflected in rates by
6 virtue of the fact that those costs will no longer be incurred.

7
8 **Q. Would it be feasible for DEF to prepare a BCA for all projects greater than \$1**
9 **million as recommended by Witness Rábago?**

10 A. No, it would not be a cost-effective use of DEF customer dollars. First, as I
11 previously explained, some projects are required by law or to meet customer growth
12 where the Company has an obligation to perform the work. Second, the large
13 majority of DEF distribution spend is programmatic work, such as cable
14 replacement, switchgear replacement, transformer replacements where assets have
15 reached their end of life and must be replaced to continue to provide customers
16 reliable service and meet DEF's requirements to serve. Notably, other utilities also
17 do not require BCAs for such types of projects. For example, OPC Witness Schultz
18 testifies that "Vermont regulators require companies to include a cost/benefit
19 analysis to justify [a] capital project,"⁸ but fails to mention the exemptions to the
20 CBA requirement for projects such as those 1) designated to address an immediate
21 safety hazard, 2) are an in-kind replacement of damaged equipment or equipment

⁸ OPC Schultz Direct Testimony at 20, ll. 14-15.

1 no longer functionally useful for its intended purpose, or 3) projects intended to
2 address a regulatory requirement or a reliability project and viable alternatives are
3 not reasonably available for the project.⁹

4
5 A formal BCA requirement as recommended by Witnesses Schultz and Rábago
6 would add additional time and expense to the project and would not affect the
7 outcome and the need for the project to move forward. DEF strives to provide a
8 reasonable and equal level of service to all its customers, regardless of where they
9 are located. A BCA requirement as proposed by Witness Rábago would tend to
10 favor more dense urban areas over rural areas due to the project expense relative to
11 the customer numbers.

12
13 **Q. What allegation does Witness Rábago make relating to alternative analyses?**

14 A. Witness Rábago alleges DEF has not performed transparent, comprehensive BCAs
15 or fairly evaluated alternatives to any spending of transmission and distribution
16 projects¹⁰.

17
18 **Q. Do you agree with Witness Rábago that DEF does not complete any alternative**

⁹ Presumably, Witness Schultz is referring to the Memorandum of Understanding Between Green Mountain Power and the Vermont Department of Public Service (“MOU”), a settlement approved by the Vermont Public Service Commission in Case No. 17-3112-INV, dated November 9, 2017. *See* Exhibit 2, Section III to the MOU. Further, I note the CBA requirement is only applicable to “Major Projects” over \$2 million dollars. Finally, the MOU is the result of a negotiated settlement which states that the parties “made specific compromises to reach the agreements reflected in this MOU (Para. 29) and “this MOU represents a resolution of all contested issues between the MOU parties in this case.” (Para. 30).

¹⁰ FL Rising/LULAC Witness Rábago Direct Testimony at p. 35.

1 **analyses?**

2 A. No. In fact, DEF distribution engineers do review alternatives for all planned work,
3 both growth and reliability related. For example, if DEF finds a feeder line is
4 approaching capacity and work is required to adequately serve customers, DEF will
5 review which option is most cost effective to solve the issue. This requires
6 reviewing existing loading and expected future loading on the facilities being
7 addressed and those adjacent facilities. DEF can then determine if it is more cost
8 effective to shift load to adjacent feeders, upgrade an existing feeder, or build a new
9 feeder. DEF cannot just require customers to use less energy. Customer owned
10 interconnected solar generation is generally not firm generation and cannot be
11 considered as reduction in load. The DEF distribution design review process
12 assesses work from a most cost-effective to build lens, regardless of scope and size
13 of the work.

14
15 **Q. Can you describe the analysis a distribution planner may perform when**
16 **analyzing alternative solutions for accommodating load growth on the**
17 **distribution grid?**

18
19 A. Yes. Our Distribution Planners go through an annual review of load forecasts. Spot
20 load information for larger loads is collected and entered into our circuit analysis
21 tool. This data is incorporated into Duke Energy’s internal forecasting tool that
22 produces a 10-year hourly forecast for all circuits. The granular forecast is aligned

1 with the jurisdictional forecast to drive planning consistency across Generation,
2 Transmission, and Customer Delivery. Additionally, Distribution Planners perform
3 analysis to identify the least cost and most reliable solution. The solutions generally
4 progress in the following order: 1) Transferring loads to other circuits on the grid,
5 2) Creating additional grid ties to allow the load to be transferred, 3) New feeder
6 required- evaluation of overload or an adjacent substation, 4) Substation
7 transformer upgrade or additional transformer needed and 5) New substation
8 required- strengthening the distribution grid & improving reliability based on load
9 centers and projected growth. Timing of expected loads and execution timelines are
10 considered. The least cost and most reliable solution are implemented.

11
12 **VI. VISION FLORIDA PROJECTS BENEFITS**

13 **Q. Does Witness Rábago make certain recommendations regarding DEF's Vision**
14 **Florida Program?**

15 A. Yes. Witness Rábago recommends “eliminating spending for Vision Florida
16 projects unless and until a BCA is completed.”¹¹

17
18 **Q. For the three Vision Florida projects you sponsor, can you explain why the**
19 **Company is pursuing these pilot projects and the operational experience and**
20 **benefits the Company anticipates these pilots will provide?**

21 A. DEF Witness Borsch provides further testimony about the benefits and

¹¹ FL Rising/LULAC Witness Rábago Direct Testimony at p. 8.

1 considerations for pursuing pilot programs and why a cost-effectiveness analysis is
2 not the only criteria the Company considers when assessing potential pilot
3 programs.

4
5 Specifically, the Hines Solar Floating Project will provide data and other
6 information helpful to the evaluation of potentially deploying the technology in
7 other locations and enable monitoring of output and efficiencies of the technology.
8 The Residential Energy Storage project will allow DEF to determine if battery
9 storage is a potential option to add capacity to a feeder during peak load conditions.
10 It will also help determine if this technology is an option to provide back-up power
11 to customers during outages.

12
13 Finally, the Linear Generator pilot will allow evaluation of linear generator
14 equipment, integration, and operation as a distributed energy resource on a feeder
15 and in a microgrid configuration. The project will allow DEF to monitor operation
16 of the technology during various test run scenarios.

17
18 Each project above will facilitate better understanding of the operational and
19 maintenance characteristics unique to that projects' equipment.¹²

20
21 **VII. CONCLUSION**

¹² DEF Resp. to FPSC Staff ROG 60.

1 **Q. Mr. Lloyd, your rebuttal covers a lot of ground, but did you respond to every**
2 **contention regarding the Company's proposed plan in your rebuttal?**

3 A. No. Intervenor testimony on these topics involved many pages of testimony and I
4 could not reasonably respond to every single statement or assertion and, therefore,
5 I focused on the issues that I thought were most important in my rebuttal testimony.
6 As a result, my silence on any particular assertion in intervenor testimony should
7 not be read as agreement with or consent to that assertion. In addition, the Company
8 reserves the right to file supplemental rebuttal testimony to address any new issues
9 raised by intervenors in the event they file additional supplemental direct testimony
10 or provide discovery responses after the deadline for the rebuttal filing that impact
11 the Company's rebuttal responses.

12
13 **Q. Does this conclude your rebuttal testimony?**

14 A. Yes.